

**Note of the Audit and Advisory Committee Meeting held on 21 October 2014**

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*Committee:*

Tom Frawley	Chair
Heather Logan	
Douglas Sinclair	

*In attendance:*

Internal Auditor	Nick MacDonald, SLAB
Jim Martin	Ombudsman
Niki Maclean	Director
Emma Gray	Head of Policy and External Communications
Paul McFadden	Head of Complaints Standards
Fiona Paterson	Senior Personal Assistant (minute taker for open meeting)
Rachel Nicholson	Executive Casework Officer

*Apologies:*

External Auditor	Patricia Fraser and Gillian Woolman, Audit Scotland
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1. The AAC met for a briefing by the Ombudsman from 09:15 and the meeting with the senior management team began at 10:30. The Chair shared particular matters discussed in private with Ombudsman regarding future possible jurisdiction developments that may have resource implications for the SPSO.
2. Heather Logan advised the meeting that on 1 October 2014 she had become a member of the Audit Scotland Board, this she explained followed on from her appointment in January as a co-opted member of the Audit Committee for a term of one year.
3. The note of the meeting held on 5 August 2014 was agreed with no amendments and approved for circulation.
4. **External Auditor's report**  
The AAC noted the External Auditor's annual 2013-14 audit report which had been tabled. The AAC reflected its disappointment that a representative from the external auditors was not present to present the report and take any questions Committee members may have.
5. **Internal Auditor's Report**  
The Chair suggested including item 6 on the agenda with this item, the Committee agreed.

The Internal Auditor took the AAC through the report on SPSO Risk Management, noting that the SPSO has a control framework which provides reasonable assurance regarding the effective and efficient achievement of its risk management objectives, he concluded that overall the controls governing risk reporting are good. The AAC noted that all the proposed actions in the report had been accepted by the SPSO.

The AAC thanked the Internal Auditor for his comprehensive report and asked for clarification of the audit processes for risk. The Internal Auditor explained that the process was undertaken using a standard programme which was tailored to the SPSO. The AAC expressed a concern that there might be the potential to see risk as a concept rather than a practical approach that would focus on the obstacles and opportunities for achieving the Business Plan.

NM discussed the process for ensuring the risk register included all aspects of the business activities reflecting how the opportunities and obstacles are discussed with all the staff involved and then included in the strategic risk register, ensuring it was a living document. NM confirmed that any mitigating actions from the risk register are contained within the business plan

PM apologised for not tabling the Annex 2 Risk Interrogation Report and agreed this will be prepared and forwarded to the AAC at a later date.

**Action 1:** *PM will circulate the Risk Interrogation paper to the AAC in advance of the next meeting.*

## 6. Financial Monitoring

The Director tabled the expenditure to date against the budget for 2014-15, and the budget submission for 2015-16. NM confirmed to the AAC that a letter had been submitted to the SPCB in relation to the continuing rise in complaint numbers and the resultant requirement to retain the two additional staff as a permanent increase to head count; these staff had originally been approved for a two-year period only. NM also confirmed that an application for contingency funds to cover maternity leave and judicial review costs had been made to the SPCB; and they had been made aware of the increase in PHSO charges for external health advice and the potential unbudgeted liability for the lift repair.

The AAC suggested strengthening the budget submission letter by tabling more credit for the achievement of the reduction in premature complaints due to the work of the CSA, while also providing examples of the complexity of cases to assist the SPCB's understanding of the business that was being undertaken by the office.

## 7. Performance Information

a. *Corporate Services:* The AAC noted the second quarter performance against the 2014-15 Business Plan and discussed what steps had been taken to meet the SPSO equality commitment 5. NM outlined the various measures in place and how this had been ensured through recent recruitment initiatives within the finite resources of the SPSO.

The AAC endorsed the Records Management Plan as tabled for submission to the Keeper and commended the staff training in the Data Protection Act.

The AAC noted the 2013-14 HR Annual Statistics as tabled and discussed the transition to recruiting for resilience as an important step in maintaining an effective organisation in the challenging climate the public service was now operating in.

b. *Casework:* The AAC reviewed the Q2 casework statistics and BUJ performance out turn. The Ombudsman asked the AAC to note that despite the continuing increase in complaints, the SPSO was maintaining a good overall performance. The AAC noted

the continuing productivity improvements and discussed the possible impact of staff turnover on productivity. The Ombudsman noted that productivity improvements were mostly related to process improvements, which in turn has provided a better service to customers. Additionally, he said, new staff members had achieved an equivalent productivity to those they were replacing.

**Amendment:** *The SPSO apologised for an error in the BUJ performance table which showed the percentage of upheld complaints. The correct figures show there has been no increase when compared with the same period last year. The amended table will be circulated with this minute.*

- c. *Policy Group:* The AAC noted the Q2 update. The AAC discussed in detail how the SPSO may best assist improvement of NHS complaints handling in line with the model CHP requirements. The AAC also discussed the benchmarking approach being progressed by the Local Authority Complaints Handlers' Network; and the progress of the Government on complaints about health and social care integration, including the recommendations from the social work complaints working group.

The AAC suggested a useful contact when sending out the Annual Letters to Councils would be the Chair of the Audit and Scrutiny Committees of the Councils.

The Ombudsman updated the AAC on the on-going research into redress and advised the meeting that following receipt of the initial report further work has been requested. The AAC asked that it be noted they would be very interested in the findings of this research.

The AAC discussed the possible impact of the European Union directive on alternative dispute resolution (ADR) and online dispute resolution (ODR) in complaint handling. The AAC also noted they would be very interested to see the final report on the BUJ project.

- d. *Service Improvement Report:* The AAC noted the Q2 report on organisational learning from SDCs which will be published on the SPSO website.

The AAC also noted the 6-month report from the Independent Service Delivery Reviewer and the improvements highlighted for the organisation. The ISDR report also advised the AAC that DT will not be seeking to renew his contract with the SPSO when it concludes in November 2014 due to the pressure of other commitments and, therefore, he had provided an advance draft for his 2014-15 Annual Report. PM advised the AAC of the arrangements for appointing a replacement.

The AAC offered their thanks to David Thomas for his time as ISDR and the improvements he has supported in the SPSO through his review of customer complaints.

8. The meeting closed at 12:30.